

SENATE RECORD VOTE ANALYSIS

105th Congress
1st Session

Vote No. 126

June 25, 1997, 2:36 pm
Page S-6308 Temp. Record

BALANCED BUDGET ACT/Guaranteed v. Direct Student Loans

SUBJECT: **Balanced Budget Act of 1997 . . . S. 947. Dodd motion to waive the Budget Act for the consideration of the Lautenberg (for Kennedy) amendment No. 490.**

ACTION: MOTION REJECTED, 43-57

SYNOPSIS: As reported, S. 947, the Balanced Budget Act of 1997, will make net mandatory spending reductions to achieve the savings necessary to balance the budget by 2002 and to provide the American people with tax relief. This bill is the first reconciliation bill that is required by H.Con. Res. 84, the Budget Resolution for fiscal year (FY) 1998 (see vote No. 92). The second bill will provide tax relief (see vote No. 160).

The Lautenberg (for Kennedy) amendment would lower the guarantee to lenders on guaranteed student loans to 95 percent of the loans, instead of the current 98 percent, and would strike the guaranteed administrative cost allowance. Effective July 1, 1998, it would cut the loan origination fee for student loans from 4 percent to 2 percent, and it would forbid charging insurance premiums on student loans. The effect of the amendment would be to increase greatly the cost to guaranty agencies of providing student loans, forcing them out of the student loan business and leaving only the direct student loan program as an option for receiving Federal higher educational loan assistance.

The amendment was offered after all debate time had expired. However, by unanimous consent, some debate was permitted. After debate, Senator Domenici raised the point of order that the amendment violated the Byrd rule of the Budget Act. Senator Dodd then moved to waive the Budget Act for the consideration of the amendment. Generally, those favoring the motion to waive favored the amendment; those opposing the motion to waive opposed the amendment.

NOTE: A three-fifths majority (60) vote is required to waive the Budget Act. Following the failure of the motion to waive, the point of order was upheld and the amendment thus fell.

Those favoring the motion to waive contended:

The Kennedy amendment would make student loans cheaper. It would effectively reduce tuitions by \$1.4 billion over the next

(See other side)

| YEAS (43) | | NAYS (57) | | | NOT VOTING (0) | |
|--------------------------|--------------------------|-----------------------------|------------------------|----------|--------------------|------------------|
| Republicans (0 or 0%) | Democrats (43 or 96%) | Republicans (55 or 100%) | Democrats (2 or 4%) | | Republicans (0) | Democrats (0) |
| Akaka | Inouye | Abraham | Hutchinson | Johnson | | |
| Baucus | Kennedy | Allard | Hutchison | Landrieu | | |
| Biden | Kerrey | Ashcroft | Inhofe | | | |
| Bingaman | Kerry | Bennett | Jeffords | | | |
| Boxer | Kohl | Bond | Kempthorne | | | |
| Breaux | Lautenberg | Brownback | Kyl | | | |
| Bryan | Leahy | Burns | Lott | | | |
| Bumpers | Levin | Campbell | Lugar | | | |
| Byrd | Lieberman | Chafee | Mack | | | |
| Cleland | Mikulski | Coats | McCain | | | |
| Conrad | Moseley-Braun | Cochran | McConnell | | | |
| Daschle | Moynihan | Collins | Murkowski | | | |
| Dodd | Murray | Coverdell | Nickles | | | |
| Dorgan | Reed | Craig | Roberts | | | |
| Durbin | Reid | D'Amato | Roth | | | |
| Feingold | Robb | DeWine | Santorum | | | |
| Feinstein | Rockefeller | Domenici | Sessions | | | |
| Ford | Sarbanes | Enzi | Shelby | | | |
| Glenn | Torricelli | Faircloth | Smith, Bob | | | |
| Graham | Wellstone | Frist | Smith, Gordon | | | |
| Harkin | Wyden | Gorton | Snowe | | | |
| Hollings | | Gramm | Specter | | | |
| | | Grams | Stevens | | | |
| | | Grassley | Thomas | | | |
| | | Gregg | Thompson | | | |
| | | Hagel | Thurmond | | | |
| | | Hatch | Warner | | | |
| | | Helms | | | | |

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

5 years. The savings would come to at least \$70 per student. To pay for these savings, it would reduce the loan guarantee to the agencies administering guaranteed student loans from 98 percent to 95 percent. This amendment would help college students. We urge our colleagues to waive the Budget Act for its consideration.

Those opposing the motion to waive contended:

The Kennedy amendment would cripple the guaranteed student loan program, which serves more than 80 percent of the institutions of higher education in this country and which handles more than 60 percent of student loan volume. Supporters of the Kennedy amendment would no doubt be delighted by that result because the only option that it would leave students would be to get direct student loans. No one should be misled by any nonsense claims that this amendment would "save" students money. The supposed savings would be \$70 per student, but the loans would not be offered in the first place. If the Kennedy amendment were to pass, guaranty agencies would go bankrupt. Many liberal Senators are opposed to guaranteed student loans, which are administered by private agencies. Those Senators prefer direct Federal lending because they are convinced that programs run so much more efficiently and effectively if they are run by bureaucrats instead of businessmen. In the budget agreement, a truce was declared between supporters of guaranteed student loans and supporters of direct lending. The truce agreement was to make any required savings out of mandatory education spending equally between the two types of spending; the bill before us honors that agreement. Of the \$1.792 billion in savings, 57 percent will come out of the guaranteed student loan program and 43 percent will come out of the direct lending program. The Kennedy amendment would break this agreement by reducing the loan origination fees for guaranteed student loans from 4 percent to 2 percent. The loss for the loan agencies would be \$960 million. It would also eliminate the guaranteed administrative cost allowance, which could potentially cost the agencies up to \$840 million. We believe that businesses can run loan programs better than can the Federal Government, but they are not going to run them under rules that will make them operate at a loss. In sum, the Kennedy amendment is a deliberate deal-breaker that would force students into the direct loan program by driving guaranteed loan agencies out of business. We urge our colleagues to reject this deal-breaker.